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Joint Legislative Audit and Review Committee (JLARC)

LEGISLATIVE AUDITOR

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SENATORS

Brad Benson
Jeanne Kohl-Welles
Bob Oke
Linda Evans Parlette, *Vice Chair*
Debbie Regala
Phil Rockefeller, *Asst. Secretary*
Pat Thibaudeau
Joseph Zarelli

REPRESENTATIVES

Gary Alexander, *Secretary*
Glenn Anderson
Kathy Haigh
Janéa Holmquist
Ross Hunter, *Chair*
Fred Jarrett
Kelli Linville
Deb Wallace

November 30, 2005

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REGULAR COMMITTEE MEETING MINUTES

COMMITTEE BUSINESS

- Representative Ross Hunter, JLARC Chair, called the meeting to order at 10:05 a.m.
- Senator Parlette moved to approve the minutes from the September 14, 2005, and October 18, 2005, JLARC meetings. Motion was seconded and carried unanimously.
- The Committee took action on three reports that were presented, but not approved for distribution, at the October 18, 2005, JLARC meeting due to the lack of a quorum at that meeting:
 - ✓ Senator Parlette moved to approve for distribution the proposed final report for the At-Risk Youth Study. Motion was seconded and carried unanimously.
 - ✓ Senator Parlette moved to approve for distribution the proposed final report for the Alternative Learning Experience Programs Study. Motion was seconded and carried unanimously.
 - ✓ Representative Hunter introduced a Committee Addendum to the proposed final report on JLARC's K-12 School Spending and Performance Review, stating that the sense of the Committee at the October 18th meeting was very strong that we add an Addendum to this report that proposes a stronger view on collecting data so that we have more data at the school building level, rather than just at the district level. A discussion followed on the purpose and rationale for the Addendum. Senator Rockefeller moved to approve for distribution the proposed final report for the K-12 School Spending and Performance Review, with the following Committee Addendum:

The Joint Legislative Audit and Review Committee recognizes there are significant costs and implementation challenges to develop a reporting system that would collect uniform and reliable school level spending information from all local school districts. However, the Committee also believes that assessing how instructional resources and policy choices impact student learning outcomes is an important constitutional duty of the state. Therefore, the Committee recommends JLARC add a future study to our work plan, which would, in conjunction with the Governor's Washington Learns initiative, and with representatives from local school districts and boards, identify critical school performance data that would enhance both the Legislature's and districts' ability to make informed resource commitments. The study would also address related changes to information systems and accounting practices.

Motion was seconded and carried unanimously.

REPORTS, PRESENTATIONS, DISCUSSIONS

BASIC HEALTH PLAN STUDY: PART 1 – PRELIMINARY REPORT

Cynthia L. Forland & Lisa Jeremiah presented the report and Barney Speight of the Health Care Authority (HCA) was available to answer questions.

Senator Thibaudeau commented that the State Auditor's office had done a study of the Basic Health Plan that contained fairly critical findings a few years ago and wondered if this report incorporated those findings. Staff stated that those findings had been reviewed, but because that report focused on questions around eligibility determinations and this audit was not looking at the same questions, the earlier findings were not incorporated.

Representative Hunter asked if there was any measurement of the quality or effectiveness of the disease management programs. Staff indicated that there are requirements to ensure that plans and processes are in place to encourage quality, but the HCA does not monitor the services provided to enrollees and what those outcomes are.

Representative Hunter then asked about contract review teams and what they actually do when conducting annual reviews. Staff responded that they conduct two-day site visits to the health plans. They look at whether plans have the mechanisms and plans in place that are laid out in the Quality Improvement Standards that are included in the health plan contracts. Representative Hunter asked if it was a review of administrative processes, or how health care is delivered. Staff clarified that this was looking more at the health care side than the administrative functions. The Quality Improvement Standards are a detailed list of things that will be looked at around care.

Following up on Representative Hunter's question, Representative Jarrett stated that just knowing that there is a *process* in place doesn't really tell us whether process metrics are being collected and reviewed, nor does it tell us whether there are results measures. Staff confirmed that he was correct.

Representative Wallace asked for some examples of how staff identified whether the Health Care Authority was using innovation or not. Staff responded that because neither statute nor the contracts include a requirement to use innovation or define what that was, the study didn't further pursue this issue. Representative Wallace asked whether there is any evidence of different treatment for Basic Health Plan clients, as opposed to private-pay patients or patients with other kinds of health insurance. Staff stated that we did not do an analysis that made comparisons across plans, but there is a specific Member Handbook that lays out benefits that must be provided to Basic Health Plan enrollees.

Senator Kohl-Welles asked if Massachusetts is a good state to use as a comparison since it is a Medicaid program, and the Basic Health Plan is not. She asked if staff tried to find other states that had programs more similar to the Basic Health Plan. Staff responded that we did try to find programs that were similar, but focused on states that have some best practices that could be put into place here. Staff noted that Wisconsin and Oregon are similar to or comparable to the Basic Health Plan. Staff added that one difference for programs similar to the Basic Health Plan in some states, including Oregon, is that they are funded through the state's Medicaid waiver even though the program is not a traditional Medicaid plan.

Representative Jarrett asked if the study compared population information from other states with the population of users of the Basic Health Plan in Washington. He asked if there was a way to compare enrollees. Staff indicated that they would expect to look at some of those things in Part 2 of this study, when they will be focusing more on

Washington's population of users. Representative Jarrett followed up by asking if there is a way to understand the taxonomy of the groups, and whether there are lessons from other states in how you actually define those groups and what they look like. Staff responded that they thought that was something that they would be looking at in Part 2, once they had a better understanding of what the Washington population looks like.

Representative Hunter pointed out that Barney Speight of the Health Care Authority was available to answer questions. He reminded the Committee that the Health Care Authority needed time to review the report and provide an agency response. Mr. Speight noted that the Health Care Authority had only recently received the report and had not yet prepared its formal response to the findings and recommendations.

Senator Thibaudeau expressed concern that the Basic Health Plan is being held to a higher standard than what is the actual reality of the health care field, and that she does not want the Basic Health Plan singled out. Staff reassured the Senator that the study was not trying to hold the Basic Health Plan to a higher standard, which is one reason that staff looked at what other states are doing. Also, the recommendations are worded to allow the Health Care Authority flexibility in how they implement the recommendations.

Senator Thibaudeau clarified that she was not suggesting that these standards shouldn't be met; rather she was appreciating how ill-defined and general existing health care procedures and utilization information are. Barney Speight responded that one of the reasons he joined the Health Care Authority was because it administers both the Basic Health Plan and the Public Employee Benefit Board plans, which are commercial plans, and that there is an opportunity between those two programs to further the definition and use of outcome measures around quality of care, best practices, and evidence-based standards. He added that the Health Care Authority appreciates the review. He noted that the Basic Health Plan must work with community providers that voluntarily sign up to provide services for the Basic Health Plan, and it can be challenging to agree on standards of care.

Representative Hunter asked Representative Jarrett if he would describe an article that was published last year in *The New Yorker* about the treatment of cystic fibrosis. Representative Jarrett stated that the article was a comparison of hospitals' treatment of cystic fibrosis and that the results showed that there were wide variations in actual care between hospitals employing the same best practices. What really mattered was what actually happened in the hospital in terms of how the best practices were used and tailored to the specific needs of individual patients. Senator Parlette asked Mr. Speight about the reason we do not have service utilization data in Washington. Mr. Speight stated that the issue is that it hasn't been part of the contractual framework. The Health Care Authority's actuary gets the data, but not at the claim-specific data level. He would like to look further into what can be done with more robust reporting because he knows it does help provide some comparative data to the plans and the public, and that can help make improvements in the quality of care. There is a resource issue because Basic Health Plan administration overhead is currently around 3 or 3.5 percent and there would be some additional cost, but it should be relatively small.

Representative Alexander asked if we have a good definition of evidence-based treatment. He asked if this current JLARC study defined it or if the next phase of the JLARC study would define it. Staff responded that there is no definition in statute or in the contract, but there are definitions and standards that could be applied.

Representative Hunter asked Mr. Speight whether the Health Care Authority would be able to provide comparative data across the Basic Health Plan and the Public Employee Benefit Board plans for outcomes for various diseases if the Legislature required the collection of the encounter data. Mr. Speight replied that they certainly could for the

Basic Health Plan, but he noted that they do not get similar data for the Public Employee Benefit Board plans. They do, however, have the information for the Uniform Medical Plans.

Senator Thibaudeau asked how the availability of health plans influence standards. Mr. Speight responded that historically the Basic Health Plan had up to 22 plans and is now down to five, two of which are dominant for rural enrollment. He explained that the plans make the market, which the Health Care Authority has to work within.

RESEARCH ON BENEFITS OF SOCIAL PROGRAMS (WASHINGTON STATE INSTITUTE FOR PUBLIC POLICY) – INFORMATIONAL BRIEFING

Steve Aos from the Washington State Institute for Public Policy (Institute) presented the briefing.

Senator Regala stated that Washington has a lot of programs that have not been evaluated, and asked if there is some value in not always putting all of our investment into those that have been proven, but putting some into entrepreneurial programs or programs that haven't been studied. Mr. Aos stated that the Legislature needs to decide how much to put into *known* solid investments, the main line business, and how much into research and development programs. Both are needed.

Senator Kohl-Welles stated that just because there is a correlation, this does not mean that there is a *causal* relationship, because many other variables can come into play.

Representative Wallace noted that this is valuable information for Legislators and for the public. She commented that she would like the Committee to think about how it could better publicize this kind of information.

CERTIFICATE OF NEED PROGRAM PERFORMANCE AUDIT – PROPOSED SCOPE AND OBJECTIVES

Cynthia L. Forland & Lisa Jeremiah presented the proposed Scope and Objectives.

Senator Regala expressed a hope that the appeal process would be part of what is analyzed with regard to consistency.

Representative Jarrett noted that setting the context will be important in this case. There has been a fair amount of change in the industry, including at least two different regimes of how health insurance is done and the way the system is managed. He asked whether the study will look at the original reasons for implementing the program, how the industry and the market have changed, and whether the Certificate of Need is still useful. Staff stated that the continued need was one of the broader policy questions that the Certificate of Need Task Force will be looking at.

BASIC HEALTH PLAN STUDY: PART 2 – PROPOSED SCOPE AND OBJECTIVES

Cynthia L. Forland & Lisa Jeremiah presented the proposed Scope and Objectives.

Representative Jarrett stated that we really need to have a taxonomy of consumers of health care, so that we can understand the different markets for health care, including the percentage of chronic and morbidity care. There is a need to find a way to talk about the entire market and what share the Basic Health Plan has of that market.

OTHER

Representative Hunter introduced the JLARC status report on recommendations to the Legislature and how the Legislature had responded to those recommendations. The report was distributed to the Committee members.

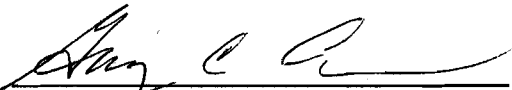
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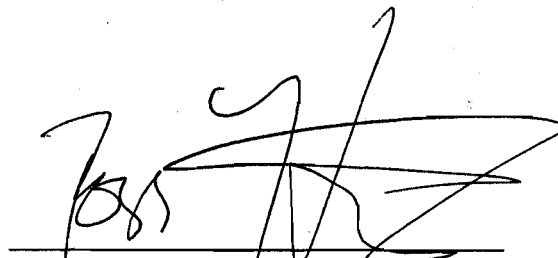
JLARC Members Present: Senators Brad Benson, Jeanne Kohl-Welles, Bob Oke, Linda Evans Parlette, Debbie Regala, Phil Rockefeller, Pat Thibaudeau, and Joseph Zarelli; Representatives Gary Alexander, Glenn Anderson, Kathy Haigh, Janéa Holmquist, Ros's Hunter, Fred Jarrett, and Debbie Wallace.

JLARC Staff Present: Ruta Fanning, Legislative Auditor; staff members, John Bowden, Linda Byers, Fara Daun, Melania Elias, Cynthia L. Forland, Stephanie Hoffman, Lisa Jeremiah, Suzanne Kelly, Keenan Konopaski, Robert Krell, Curt Rogers, and John Woolley.

ADJOURNMENT

The meeting was adjourned at 12:05 p.m.



SECRETARY

CHAIR